



Planning Your Service Retirement



**California Public Employees'
Retirement System**

Planning Your Service Retirement

If you're planning to retire, you have some important decisions to make. This brochure includes a checklist to assist you. Detailed benefit information is provided in your CalPERS member benefit booklet, which you can get from your employer, the CalPERS Web site at www.calpers.ca.gov, or by calling us toll free at (888) CalPERS (225-7377). Brochures on various retirement subjects are also available.

We encourage you to attend a Retirement Planning Workshop at one of our regional offices to obtain more information on the retirement application process and your benefits.

Minimum Retirement Age

The minimum service retirement age for most CalPERS members is 50 with five years of CalPERS service credit. State Second Tier members must be 55 years old with 10 years of service credit. However, there are some exceptions to these requirements. If you are age 50 or older, contact CalPERS to determine if an exception will apply to you.

Emergency Retirement

CalPERS will expedite retirement processing for those who are terminally ill and facing imminent death. Contact your employer or call us toll free at (888) CalPERS (225-7377) immediately if there is a need for emergency retirement assistance. When sending in required documents (i.e., marriage certificate, certificate of domestic partnership, birth certificate, etc.), please do not send in your original documents. Photocopies are acceptable, unless otherwise noted.



Choosing A Retirement Date

The selection of your retirement date is one of the most important decisions to make when planning your retirement.

- Your retirement may be effective any day of the week, even on a weekend. For example, if your last day on paid status falls on Friday, your retirement date may be effective Saturday.
- The benefit factor used in the calculation of your retirement benefit is based on your age at retirement. It increases each quarter year from your birthday, up to a maximum age determined by your retirement formula.
- If you work full time during a fiscal year (July 1 to June 30), you may wish to retire when you have earned a full year of service credit. For example, if you are paid on a monthly basis, 10 months equals one year of service credit, and you no longer accrue service credit after April 30.
- If you are planning to retire at the end of a calendar year, please be aware that your retirement date may affect how soon you begin to receive cost-of-living adjustments (COLA). The first COLA increase begins on May 1 of the second calendar year following your retirement. For example, if you retire on December 31, 2005, your first COLA will be on May 1, 2007. If you wait just one day and retire on January 1, 2006, your first COLA won't be until May 1, 2008. However, you may decide that the increase in your retirement allowance from working into the new year outweighs the benefit of an early COLA.

- Your retirement date must be within 120 days of separation from employment for you to be eligible to convert unused sick leave or educational leave to additional service credit, if your employer contracts for this benefit.
- For service retirement, you must be married or in a registered domestic partnership for at least one year prior to your retirement date for the Survivor Continuance benefit (if applicable) to be payable to your spouse or domestic partner.
- If you leave employment covered by CalPERS for employment covered by another public retirement system in California, your retirement benefits could be based on your highest compensation earned under all systems, but only if you retire on the same date under all systems.

Important Notice

Section 415 of the Internal Revenue Code places limits on the annual benefit you can receive from a tax-qualified pension plan such as CalPERS if you retire at “normal retirement age.” The amount is \$170,000 for 2005. It is indexed annually for inflation and reduced for early retirement.

In some cases, State Safety, Local Safety, State Patrol, or State Peace Officer/Firefighter members may be considered as retiring at Social Security “normal retirement age,” even though their actual age is younger.

If you first became a CalPERS member prior to January 1, 1990, your benefit, under certain circumstances, may not exceed these limits. If, at your retirement, CalPERS finds that your benefit must be limited under Section 415, CalPERS will

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enroll you in a replacement benefit program and pay a monthly amount that will, to the extent possible, make up for the limitations on your CalPERS benefit.

Retirement Planning Checklist

One Year Before Retiring

- ☐ Review your latest CalPERS Annual Member Statement. If you don't have yours available, contact CalPERS at (888) CalPERS (225-7377) to request a copy. You can also register to view your statement online at ***www.calpers.ca.gov***. If you think you may be eligible to purchase additional service credit for employment not shown on your statement, you should request ***A Guide to Your CalPERS Service Credit Purchase Options*** and complete the appropriate forms.
- ☐ Contact the Social Security Administration for information on benefits under that system and your Medicare eligibility.
- ☐ Attend a CalPERS Retirement Planning Workshop or Financial Planning Seminar.
- ☐ Request a ***Stepping Into Retirement...A Guide to Completing Your CalPERS Service Retirement Election Application*** booklet.

Nine Months Before Retiring

- ☐ If you have a community property claim on your retirement benefits, you must provide CalPERS a copy of the court order resolving the claim before you can receive retirement benefits. If you are not sure if CalPERS has this information, or you have questions about your court settlement and your benefits,

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contact the CalPERS Member Services Division Community Property Unit at (916) 795-3551.

- ❑ If you are also a member of another public retirement system in California, you should review the ***When You Change Retirement Systems*** booklet. There are some steps you need to take to ensure you receive all the benefits to which you are entitled from each system. *You will have to file for retirement separately with each system; however, your benefits may be based on the highest compensation earned under all systems if you retire from each system on the same date.*

Six Months Before Retiring

- ❑ Time to think about getting a retirement benefit estimate. Use the information from your Annual Member Statement to get an estimate from the online CalPERS Retirement Planning Calculator on our Web site at ***www.calpers.ca.gov*** or complete the ***Retirement Allowance Estimate Request*** form in the ***Stepping Into Retirement*** booklet and send it to CalPERS. This information can help you choose your actual retirement date and help you select your retirement benefit option.

Four to Five Months Before Retiring

- ❑ Begin working on your ***Service Retirement Election Application*** form in the ***Stepping Into Retirement*** booklet. Since some of the information must be completed by your employer, we suggest you complete Sections 1 through 5 and then take it to your Personnel Office to complete Section 6. Doing this four to five months before your

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retirement date will ensure your employer has enough time to complete it so that you can send the form to CalPERS 90 days before your retirement date.

- ❑ This is also the time you should begin to gather and make copies of some of the required documents you will need. **Remember, only send CalPERS copies of these documents – never send originals. Always include your Social Security number on every document you submit.** There is a Required Documents Checklist in the *Stepping Into Retirement* booklet you can refer to before you send in your application.
- ❑ **Copy of Marriage Certificate or Certificate of Domestic Partnership** – this is needed if you are a State or school member, or a public agency member whose employer contracts for the Survivor Continuance benefit; or if you will be naming your spouse or domestic partner as your beneficiary.
- ❑ **Copy of Your Beneficiary's Birth Certificate** – this is needed if you are considering one of the options to provide continuing benefits to a beneficiary after your death; or you have a child under the age of 18 or a child who became disabled before age 18 who is eligible for the Survivor Continuance benefit.
- ❑ Find out about the taxability of your retirement allowance from Internal Revenue Service and State Franchise Tax Board representatives, or ask your private tax consultant or attorney. Taxes will be automatically withheld, unless a specific election is made. If you are a CalPERS member who resides outside of California, California State tax will not be withheld unless you specifically request CalPERS to do so.

Three to Four Months Before Retiring

- ❑ If your Personnel Office has not yet returned your retirement application to you with Section 6 completed, this is the time to have them do so.
- ❑ Now, you should finish completing the remainder of the application (Section 7 – Tax Withholding Election and Section 8 – Member Signature and Notary).
- ❑ Check out the other forms in the ***Stepping Into Retirement*** booklet to see if you will need to use them, based on your individual situation. These include: ***Retirement Allowance Estimate Request, Direct Deposit Authorization, and Justification for Absence of Spouse's or Domestic Partner's Signature.***

Three Months Before Retiring

- ❑ Now it's time to send your completed ***Service Retirement Election Application*** form and any other applicable forms to CalPERS at the address shown on each form. Be sure you keep a copy of all forms and supporting documents for your records and future reference. Apply timely. Any delay in mailing your application could result in a delay of your first payment.
- ❑ If you are interested in appointing someone to act on your behalf to conduct your retirement business with CalPERS, request ***The Power of Attorney*** booklet.
- ❑ Contact your employer (Department of Personnel Administration for State employees) to find out how to apply for any deferred compensation funds you may have.

- ❑ Ask your credit union, employee organization, or insurance plan if the following payroll deductions can be continued into retirement:
 - Credit union payments and shares
 - Employee organization dues
 - Life insurance
 - Dental insurance (other than State employees)
 - Health insurance (if not covered under a CalPERS-administered health plan)
 - CalPERS Long-Term Care Program
- ❑ Contact your health benefits officer or Personnel Office to determine your eligibility for health and dental coverage as a retiree.

You will be eligible for a CalPERS-administered health plan as a retiree if you meet all the following criteria:

- Retire within 120 days of the date of your separation from employment
- Retire from an employer (and bargaining group, if applicable) that contracts for health benefits through CalPERS
- Receive a monthly retirement allowance
- Were eligible for health enrollment upon separation of employment

If you are *currently* enrolled in a CalPERS-administered health plan, your health insurance will automatically continue, IF your retirement date is less than one full pay period following your separation from employment. If your retirement date is *more* than a full pay period but less than 120 days after your separation, you will need to re-enroll in a health plan. You may do so within 60 days of your retirement date or during any future Open Enrollment period. Contact the CalPERS Office of Employer and Member Health Services to re-enroll.



If you are eligible for, but are not enrolled in, a CalPERS-administered health plan when you separate to retire, you may enroll within 60 days of retirement or during any future Open Enrollment period.

You are not eligible for health coverage if your retirement date is more than 120 days of separation from employment.

If you are a State employee enrolled in the FlexElect cash option plan and wish to enroll in a CalPERS-administered health plan, you may do so from 30 days before and up to 30 days after your retirement date.

If you are a State employee and were hired after January 1, 1985, you may be subject to vesting requirements that can affect the amount the State contributes to your health benefits premium.

If you are enrolled as a dependent in a CalPERS health plan at the time of your retirement and wish to enroll in your own right, the cancellation as a dependent and enrollment in your own right must be coordinated to prevent a lapse in coverage. If you do not choose to enroll in your own right at retirement and later lose CalPERS health coverage as a dependent due to divorce, legal separation, etc., you may enroll in your own right.

Medicare Eligibility

When you retire, you and any covered family members who are eligible for enrollment in Medicare Part A (Hospital) and Part B (Medical) may enroll in a CalPERS-sponsored Medicare health plan.

Enrollment in a CalPERS-sponsored Medicare health plan is not automatic. You must establish

your eligibility at the time of retirement by forwarding a copy of your Medicare card or Letter of Entitlement, along with your enrollment request, to the CalPERS Office of Employer and Member Health Services.

Dental Benefits Eligibility

State employees who receive a monthly CalPERS retirement allowance and who retire within 120 days of separation from employment are eligible for dental benefits. Continuation of your dental coverage into retirement is not automatic. Your Personnel Office must complete a new ***Dental Plan Enrollment Authorization*** form. The form should be sent to CalPERS at least 30 days prior to your retirement. If you do not enroll at the time of retirement but choose to remain as a dependent and later lose other State-sponsored dental coverage (for example, through loss of employment, divorce, or legal separation), you may enroll during a future Open Enrollment period or elect coverage in your own right within 60 days of the loss of other coverage.

Dental Vesting

If you are a State employee and were hired after July 1, 1998, you may be subject to vesting requirements that can affect the amount the State contributes to your dental benefits premium. Contact your Personnel Office for assistance.

Consolidated Omnibus Budget Reconciliation Act (COBRA)

If you are not eligible for health or dental benefits, federal legislation provides continuation of group benefits (health, dental, and vision) for 18 to 36 months. Contact your Personnel Office for details.



Long-Term Care Program

If you are enrolled in the CalPERS Long-Term Care Program and have premiums deducted from your paycheck, you will need to call the Program's Customer Service line at **(800) 982-1775** to find out how to continue payment of your premiums after retirement.

Vision Coverage

Vision coverage is not available in retirement. You may continue this insurance through COBRA. Contact your Personnel Office for assistance. (Note: Future legislation may add vision coverage for State and school retirees. For the latest status, check the CalPERS Web site at **www.calpers.ca.gov**)

Disability Retirement Benefits

Regardless of whether you meet the minimum age requirement for service retirement, if you are unable to work due to an injury or illness, you may be entitled to a monthly disability allowance from CalPERS for the rest of your life or until you recover. For more information, refer to ***A Guide to Completing Your Disability Retirement Election Application***. You may also be eligible for disability retirement benefits from the Social Security Administration. Contact the Social Security office nearest you for more information.



For More Information

CalPERS On-Line Web Site

www.calpers.ca.gov

CalPERS Member Services Division

P.O. Box 942704

Sacramento, CA 94229-2704

(888) CalPERS (225-7377) — Toll Free

(916) 795-3240 — Telecommunications
Device for the Deaf

CalPERS Office of Employer & Member Health Services

P.O. Box 942714

Sacramento, CA 94229-2714

CalPERS Regional Offices

CalPERS has eight regional offices throughout California to serve you. To get the address of the location nearest you, visit our Web site at ***www.calpers.ca.gov***.

While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.



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400 P Street
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www.calpers.ca.gov

CalPERS PUB 1
Revised April 2005 | Printed April 2005